



# ANNUAL INTERNAL AUDIT REPORT

TOWN COUNCIL MEETING

REPORT 22/24

10 JUNE 2024

The purpose of this Report is to ask Members to receive and note the Internal Audit Report for the period ending 31 March 2024.

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**No.   DETAIL**

**1)   INTERNAL AUDIT REPORT**

The Internal Audit Report has been prepared and signed by Maxine Warr.

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**2)   RECOMMENDATION**

Members are recommended to receive and note the Internal Audit Report for the period ending 31 March and confirm Maxine Warr as the Internal Auditor.

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# Annual Internal Audit Report 2023/24

VENTNOR TOWN COUNCIL

WWW.VENTNORTOWNCOUNCIL.GOV.UK

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.		✓	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).		✓	
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).		✓	
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

05/06/2024

Name of person who carried out the internal audit

MAXINE WARR

Signature of person who carried out the internal audit

*M Warr*

Date

06/06/2024

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

**MAXINE WARR**

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5<sup>th</sup> June 2024

A petty cash account is not operated so the item is not covered during the internal audit.

Explanation of a 'No' response on the AGAR for 2023-24

*L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.*

*M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*

*N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).*

Ventnor Town Council has had a period of disruption during 2023-24 due to staff shortages and the absence of a permanent Clerk. Although the day to day running of the Council appears robust and the financial position is well managed, some aspects of the administration have been overlooked and this includes management of the website.

Therefore, the required information is not up to date on the website and the publication requirements have not been adhered to for 2023-24.

A new Clerk has been appointed and I have been assured that a plan of action is in place to address all the missing information and publication for the coming year will be compliant.

Maxine Warr  
Internal Auditor

## Internal Audit Report Ventnor Town Council

This audit report is to read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return.

Council:	Ventnor Town
Internal Auditor:	Maxine Warr
Year Ending:	March 2024
Date of Report	June 2024

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

All items have been discussed with the acting RFO.

### **To the Mayor of Ventnor Town Council**

I have examined council business including policies, agendas & minutes, accounting and financial statements and other documents relevant to this audit. Management of the council appears robust and the finances are well executed.

A summary of findings is set out below.

- 1) Payroll provision is carried out in house through the HMRC RTI program. All submissions are made monthly and payments collected cumulatively by HMRC.
- 2) Financial Regulations were reviewed, amended and adopted at a full council meeting on 14<sup>th</sup> August 2023, minute 59/23 refers.
- 3) VAT had been accounted for correctly and payments and refunds are processed quarterly.
- 4) Insurance policies are in place with a good level of cover. However, the asset register does not reflect the value of any of the items and does not appear to have been reviewed in the last year.
- 5) The budget and precept proposals were discussed at a full council meeting on 20 February 2024 and it was resolved to set the precept as £475,741 for 2024/25. Minute 06/24 refers.
- 6) The Financial Risk Assessment Policy was discussed and adopted at a full council meeting held 20<sup>th</sup> February 2024, minute 07/24 refers. Salisbury Gardens was flagged as high risk.

- 7) The 2023-24 financial year saw turnover once again of over £200,000, therefore the accounts operate on an income and expenditure basis. A petty cash account is not operated. Reports are regularly brought to full council and bank reconciliations are carried out on a monthly basis.
- 8) Full council meetings have been scheduled on a bimonthly basis for 2024 but this does not have a impact on the committees or working groups that take place under the collective decision making within the groups.
- 9) The Council has outstanding long-term loans with the Public Works Loan Board (PWLB) in respect of previous capital expenditure and expenditure is detailed in the annual report to Council.
- 10) The Town Council has a lease from the IW Council for Salisbury Gardens to facilitate offices and business units. Income and expenditure is detailed separately as agreed.
- 11) The approval of the AGAR for 2022-23 was correctly minuted, although the dates for the exercise of public rights were not included. Unfortunately, due to staff shortages the publication requirements have not been fulfilled.
- 12) The Transparency Code requires the publication of certain information on a website. Unfortunately, due to staff shortages, the website is not up to date and a number of policies have not been updated, although there is evidence in the minutes that the policies have been reviewed.

#### **RECOMMENDATIONS**

Due to absence of a permanent clerk in the run up to the internal audit, it has not been possible to carry out a full internal audit, as recommended by the Practitioners Guide 2023, although the financial position has been thoroughly investigated. Therefore, I would recommend an interim audit, towards the end of 2024/early 2025, to ensure that all requirements are in place.

- Ensure all policies and items relating to the Transparency Code are updated on the website.
- Publish the dates for the Exercise of Public Rights in the minutes and ensure all publication requirements are fulfilled.

**Having regard to the above I believe I have adequate assurance to complete and sign the relevant section of the Annual Return although a 'no' response will be required for sections L, M and N.**

Yours sincerely



**Maxine Warr**  
5<sup>th</sup> June 2024